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Energy Category Sees Sales Surge

Market reboots with natural ingredients, new delivery systems

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In addition to its vitamin and energy shots, Eboost also offers energy packets

Consumers are still looking for products that give them an energy boost, but they're shifting toward more natural products and new delivery systems.

The Hartman Group [2]'s "Health and Wellness 2015" report found that while six in 10 consumers said "having enough energy for an active lifestyle" was important to meeting their wellness aspirations and goals, almost a third of consumers viewed their energy levels as urgently needing improvement. That energy deficit means the market for energy supplements has a huge upside, particularly for products offering shoppers something new and different.

IRI [3] data shows that the market for energy powders and shots is still strong, with dollar sales for energy drink mixes across all outlets for the 52 weeks ending March 20, 2016, up more than 10 percent and dollar sales of energy shots up nearly 3 percent. Category leader Living Essentials, which makes the 5-hour Energy brand, has a whopping 91 percent of category sales and dollar sales gains of nearly 3 percent for the period.

Farmington Hills, Mich.-based Living Essentials keeps the brand interesting with new flavors and formulations. This May, 5-hour Energy [4] launched a limited edition extra-strength cherry flavor backed by a cause-related marketing campaign. The company will donate 5 cents from the sale of every specially marked red-white-and-blue bottle of Extra Strength Cherry flavor 5-hour Energy to the Special Operations Warrior Foundation (SOWF), a top-rated nonprofit organization that ensures funding for a full college education for the surviving sons and daughters of fallen military special operations forces who lose their lives in the line of duty.

While 5-hour Energy dominates the category, a closer look reveals that newer delivery systems are growing the category beyond traditional shots and mixes to include gummy products and lozenges. Energy bars are also an area for growth.

Honey Do

SPINS [5] data for the 52 weeks ending March 20, 2016, shows energy gummies up nearly 60 percent, lozenges up 58 percent and powders up nearly 40 percent. "Our energy chews are growing significantly," affirms Jennifer Shea, director of marketing at Honey Stinger, a Steamboat Springs, Colo.-based manufacturer of natural sports nutrition products. The company entered the market with two flavors of honey-based naturally caffeinated chews, and has expanded its offering to include seven flavors and three kinds of protein chews.

"The grocery channel is seeing double-digit growth from new and emerging brands," adds Shea. "Legacy brands are sharing shelf space with newcomers that have a more natural positioning, healthy positioning. Newer products stress a sustained energy approach and, in a nod to the sports nutrition category, are as likely to be called 'fuel' as energy products."

According to Shea, Honey Stinger [6]'s items debuted in vitamin shops and biking specialty stores. "We've started with our

honey-based gel energy products, and growth has been great,” she says. “Since we rolled out to more mass retail, we’ve seen an overall movement away from synthetic ingredients toward more whole ingredients and more natural sources of energy.”

Designed to be used before, during and after activity as an energy boost, Honey Stinger energy chews, gels and bars are positioned as sustained-energy products rather than as stimulants. Honey Stinger’s chews are carried by select Harris Teeter stores, where they’re merchandised on clip strips near the register. “The products are pegged and are easy to add into the front-register mix,” says Shea, noting that the company is working on a new wire counter rack that can be used at checkout to take advantage of the impulse nature of the category. Whole Foods Market has sampled the product in stores and will partner with the company on a promotional program this spring.

Beet It and Chew

Honey isn’t the only natural ingredient making inroads in energy supplements. Boulder, Colo.-based [Red Ace Organics](#) [7] makes an energy shot product that’s carried by King Soopers and Whole Foods. The 2-ounce beet-and-turmeric shot, which retails for a suggested \$4.99, is gaining distribution in mass channels.

[Nuun](#) [8] (pronounced “noon”), a company with a sports nutrition heritage, is also widening its distribution in mass channels. “The category has really grown to include not only shots, but powders, gum, tablets that you chew, and bars,” observes Nathan Underwood, director of sales at Seattle-based Nuun. “The products offer retailers a great opportunity to increase their ring. We’ve seen these products have a lot of success at the checkstand.” The Nuun brand was part of an experimental family-friendly checkout lane program at Raley’s.

At a suggested \$6.99 for a tube of 10 tablets, Nuun has a higher price point than items found at a traditional checkout, but Underwood thinks that consumers looking for natural products are willing to pay more. “We’ve reformulated to become 100 percent natural, and believe consumers are looking for that,” he asserts. In addition to checkstand merchandising options, Nuun offers shelf-ready packaging that’s commonly found in the supplement and bar aisles in supermarkets.

Take a Powder

In the powder segment, [Eboost](#) [9] has been rolling out its energy packets to food retailers, and is currently on store shelves at H-E-B and Meijer. “It’s hard for consumers to understand how traditional energy shots are good for them, with all of the negative publicity that surrounded some of the energy drinks,” admits Tomas Ortis, director of sales for the brand. According to Ortis, Eboost powders, available in three flavors, are a hybrid of “Emergen-C and Gatorade.” The New York-based company, which also markets an energy and vitamin shot in three flavors, recently launched a fourth flavor in its powder packet line.

Eboost offers on-shelf and checkout merchandising options for retailers, and has created promotions to introduce more consumers to its products. “Retailers are pretty price-sensitive, and a lot of new players have gotten into the category, so we are couponing and promoting the product on deal to keep interest high,” says Ortis.

Functional Fun

Another new delivery system, functional chocolates, will soon be rolled out to the mass-market channel. Boulder-based Good Day Chocolate [10] has created a new category with its Fair Trade, non-GMO candies. The product, with eight candies packaged in a brightly colored 2.5-inch box, is currently being sold exclusively at Whole Foods, but will roll out in late summer to other retailers.

“The energy market is not going away, but the shot segment is saturated, and consumers want something new,” asserts Simeon Margolis, co-founder and CEO of Good Day Chocolate. Margolis and his team have created a number of display options, from floorstands to shelf extenders and countertop displays. “The category should really be moved away from functional foods to an energy set,” he says, noting that drug store chain Walgreens has created energy sets in its stores.

Honey Stinger’s Shea sees more retailers showcasing product at checkout, as well as finding a home for on-the-go energy products in supplement sections. “The section was often buried at the back of the store, but we’ve seen more stores moving the products up to capitalize on the growth in the category,” she says. “Retailers like Wegmans and Giant Eagle are adding some energy products beyond 5-hour into the checkouts next to candy, and on shelves near meal replacement bars.”

Sleep Aids Wake Up

Consumers are increasingly turning to over-the-counter products for a burst of energy, and when it comes time to relax, manufacturers are making sure they have those options covered as well: Dollar sales of sleeping remedies were up nearly 9 percent for the 52 weeks ending March 20, 2016, according to Chicago-based IRI.

Procter & Gamble’s Zzquill [11] is the segment leader, with nearly 59 percent of sales, but other brands are showing stronger growth. Sales of Neurobrands’ Neuro Sleep Drink [12] were up nearly 19 percent, while Natrol [13] Sleeping liquids experienced a 28 percent spike in sales. Meanwhile, Dream Water [14] saw sales slide 20 percent; perhaps to arrest that decline, the company recently introduced a powder delivery system, Dream Water Sleep Powder. The powder can be mixed with hot or cold water, or used without water. Powdered delivery systems are growing across supplement segments.

Sleeping tablets showed even stronger increases, with overall sales up 9 percent and the Nature’s Bounty [15], Natrol and Pharmavite [16] brands all showing increases of more than 20 percent.

By Barbara Sax,



- *About Barbara Sax Barbara Sax is a freelance writer for Progressive Grocer.*

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